

An Oral History of Sacramento's Businesses Economy

Oral History Interview

with

Mr. Charles L. Collings

President of Raley's, 1969-1996

CEO of Raley's, 1991-Present (1997)

November 18, 1997

By William J. Jorae

California State University, Sacramento

TABLE OF CONTENTS

|                               |     |
|-------------------------------|-----|
| Project Description . . . . . | i   |
| Interview History . . . . .   | ii  |
| Biographical Summary. . . . . | iii |

Session, November 18, 1997

|                           |   |
|---------------------------|---|
| [Tape I, Side A]. . . . . | 1 |
|---------------------------|---|

Information covered:

Childhood and early experiences in grocery business - Military experience and education - Employment before Raley's - Hotels, Miracle Marts, and the San Francisco Board of Trade - Mr. Collings, President of Raley's - Raley's innovations and the Modern Superstores - Changes in the grocery industry fueled by consumer needs - Mid-Valley Dairy and the blowtorch - Raley's introduces Health Food to the industry.

|                           |    |
|---------------------------|----|
| [Tape I, Side B]. . . . . | 22 |
|---------------------------|----|

Information covered:

Camaraderie in the grocery industry - Colling's retirement plans - Bel Air joins Raley's - Raley's acquisitions - Company/worker relationship - customer input - Keeping the distinction: Raley's and Bel Air stores - Sacramento's Economy: past and present - Colling's views on the future direction of Sacramento economy - Raley's current plans for expansion - how to measure a company's success.

#### MISSION STATEMENT

A group of graduate students are creating a project to record the memories of persons contributing to Sacramento's diverse economic history. The graduate students are enrolled in History 282C, and oral history seminar, administered by the History Department at California State University, Sacramento. This seminar is part of the required curriculum for the Masters of Arts degree in Public History. The goal of this 1997 fall semester project is to complete 10-15 transcribed oral history interviews. These interviews will represent various aspects of the Sacramento economy.

Once the interviews have been recorded, they will be transcribed and donated to the Sacramento Archives and Museum Collection Center (SAMCC). Researchers interested in Sacramento's economy will have access to the interview transcriptions at the archives. This project is being produced under the direction of Dr. Christopher Castaneda, Director of Oral History at California State University, Sacramento.

We welcome your participation in this project. Please feel free to contact Dr. Castaneda by phone (278-5631) or correspondence if you have any questions about this project.

## INTERVIEW HISTORY

### Interviewer/Editor:

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### Interview Time and Place:

November 18, 1997: Third-floor Meeting Room in Raley's Corporate Headquarters. The session began at 10:00 am, and lasted approximately sixty-nine minutes.

### Editing:

Mr. Jorae checked the verbatim transcript of the interview against the original tape recording of the interview session. The transcript was then edited for punctuation, paragraphing, and spelling. Editor insertions are bracketed. Also captured in brackets are descriptions and reactions by one or both parties (such as laughter). Repetitious verbalizations (such as 'um') and false starts by both parties have also been edited out, with the exception of areas where they appeared integral to capturing the discourse.

### Tape and Interview Records:

The original recording and transcript of the interview is located at the Sacramento Archives and Museum Collection Center (SAMCC).

**CHARLES L. COLLINGS**  
Chief Executive Officer

Raley's history is filled with stories of people who began in the grocery business as youngsters. Raley's Chief Executive Officer Charles L. Collings is one of those. At the age of 10 he worked in a grocery store in his home town of Ada, OK. "I swept floors, candled eggs and bagged flour and sugar," he said.

When World War II began and the older men went to war, Collings found himself a store manager at age 16. Later, the Navy claimed Collings, and, after three years in that service, he went to work for a wholesale meat packer. He was also Accounting Department Manager in Oakland's Montgomery Ward store.

In 1956, Thomas P. Raley of Sacramento recruited him to be Manager of his growing chain of supermarkets. He became President of Raley's Superstores in 1969.

As CEO of Raley's, Collings has been involved in the selection and development of all of the company's stores. He was influential in the purchase of the Eagle Thrifty Drug chain in Nevada, forerunner of Raley's Nevada Division. In 1981, with the late Dan Spengler, he was responsible for creating the Mid-Valley Dairy Company, a wholesale processor and distributor. He was also responsible for establishing Super Store Industries, a partnership that distributes dry groceries, frozen foods and dairy products to supermarket chains throughout Northern California and Nevada.

Collings, who is a past chairman of the California Grocers Association and chairman of the CGA Educational Foundation, attended Southern Methodist University and the University of Texas. He serves on the boards of Pro-Athletes Outreach, a Christian ministry to professional athletes; of Kevin Johnson's St. Hope Academy, and of the Dave Dravecky Outreach of Hope, helping victims of cancer and their families.

Chuck was named Sacramentan of the Year in 1997 by the Sacramento Metropolitan Chamber of Commerce and was the chairman of the 1995 Greater Sacramento Billy Graham Crusade.

Chuck and his wife, Frances, received the United Cerebral Palsy Humanitarian of the Year award and were honored by the National Council for the Aging. Residents of Sacramento, they have two married daughters and three grandchildren.

— 1997 —

[Begin Tape I, Side A]

WJ: This is for the [California State University, Sacramento]'s Oral History Program for the Fall of 1997, conducting interviews on the Sacramento Economy. My name is William Jorae, I am the interviewer. I'm interviewing Mr. [Charles L. "Chuck"] Collings from Raley's/Bel Air Corporation. Today is November Eighteenth, it is 10:00 am, and we're in the Raley's Corporate Office [on 500 West Capitol Avenue] in one of the third floor executive meeting rooms. Alright. Again I'd like to thank you Mr. Collings for participating in our program.

CC: Happy to do it.

WJ: Its a wonderful service. Again this is just a really basic background. I've sent you the list of items to be covered. [The interview is] a basic question system. It'll be a little about your life, especially focusing on Sacramento's Business Economy. Tell me a little about your early childhood. What was it like growing up? Where were you born an where did you grow up?

CC: I was born [on] July the eleventh, 1925 in a little town in Oklahoma called Wewoka, W-E-W-O-K-A, Indian town. then, my folks moved shortly to Ada, spelled A-D-A, and I lived there until I graduated from high school. [I was] born into a poor family who were hard working. I was the oldest of seven boys, five of whom survived, two died in infancy. As a family we were all consumers

so we all had to produce. We were taught to work. I started work in a little, small store doing grunt work when I was ten years old, and worked through there when work came along and the able-bodied young men started going away to war [World War II]. I ultimately ended up managing the store when I was sixteen, so, I've had a long history in the grocery business.

WJ: Yeah, I read that in Raley's, a Family Store. That was really fascinating. You started working at ten? Was that motivated financially for the family, especially being the oldest of the boys?

CC: It was motivated by financial needs. My father believed in the biblical admonition that if a person didn't work, they didn't eat. And since I loved to eat, I learned to love to work.

WJ: [laughs] That's a good starting [point]. You'd mentioned in the book [where] you were educated. Where were you educated again?

CC: Well, when I left high school, remember the war was on. I had completed some examinations put on by the armed services, and was sent by the U.S. Navy to Southern Methodist University, and then to University of Texas for training in engineering and electronics, things of that type. By the time I got down toward the end of that study the war was ending so they sent all of us overseas. I ended up serving on a destroyer in the Pacific for a short period of time but that was after the war had ended. I saw no action. I was discharged from the service in June of 1946, so three years, that was it.

WJ: How did you go from there [and] end [up] in the Sacramento/California area?

CC: Well, my folks had moved from Oklahoma to California. They ended up in Fresno. I had started back to school doing the things that I wanted. I didn't want to be an engineer. If I'd have been an engineer we'd have been a hundred years behind the Russians [WJ laughs]. So I wanted finance, and I went to what was called 4C's College [Central California Commercial College]. Heald Business College bought them later on. I went to work in Madera as an accountant for a meat packing company [Noble Industrial Meat Co.]. Spent seven years there. Ended up as the corporate controller, secretary, and assistant to the president. I worked there for seven years and then I found myself training the two young sons-in-laws of the owner of a very small, privately owned company. And I, you don't have to be a genius to realize where you're gonna be on the pecking order in something like that.

So I started looking around. I couldn't go into the meat packing business. I was well known in the meat packing business, but so was my boss, the owner, and I had no chance there. I ended up answering a blind add that turned out to be Montgomery Ward in Oakland, the mail-order house operation. So I went with them running their Accounts Payable and Accounting Departments; it was a department of about seventy people. I was successful in bringing that mail-order house from number nine, of the nine in the country, to number one, and they chose to reward me by sending me to Chicago. I had no interest in going back there.

So I started looking around and ended up making contact with the President of the Blue Chip Stamp Company, and Tom Raley was a share-holder in Blue Chip. So [the President of the Blue Chip Stamp Company] talked with Tom about the need for someone in his [Mr. Raley's] organization, and he [the President of the Blue Chip Stamp Company] introduced us. So Mr. Raley came down, interviewed me, offered me a job. And after about a week, when I had a chance to check him out, then [we] came down to an agreement, and I came to work for him; forty-one years ago.

WJ: At the time did you see that as a, a long term or was this a temporary step at the time?

CC: No, no I wasn't interested in jumping around. I'd worked seven years the first job I was in and I left Montgomery Wards because I just simply did not want to move to, I'd gone through boot camp training in Chicago and I saw, I had no interest in extremely cold weather [WJ chuckles]. And our family was out here. My wife's folks were in Fresno, and at that time we had two young daughters and we wanted them to be near their cousins. So, that offered me a chance to get back into the business I really loved. I liked the supermarket business, and of course the meat packing business was kind of an adjunct to it because it's a major product line that we sell. And I was developing experience and expertise in both financial and in management there. The meat-packing company let me, the owner, let me run the operation so I had that experience. And Tom Raley very quickly began to have confidence in my ability, and let me do things far beyond what I normally

would've done in the position I hired into. So I became his right hand. As you know in 1969 I became President. I had the comp/corporate secretary, did the negotiations for him on the buildings and the leases and the working of the financial resources. He gave me an opportunity. He was a "big-picture" guy. And I was the one that filled in all the little corners and did things like that.

WJ: Then one thing I also wanted to "pop into" is, what was it like coming into [the company] like in '63, that was the beginning of the problems with the hotels and the Miracle Marts. How, how much did that affect [CC interjects]?

CC: Well, it affected a whole lot because we were doing very well. We got into the drug business in 1958. Opened the Raley's Drug Centers which were buildings adjacent to the supermarkets; it was only later that we would tear those walls down and make a Superstore out of them. And Mr. Raley had gotten involved with some friends who all of a sudden thought they wanted to own hotels.

And the three of them ended up with the Mayfair Hotel in Los Angeles, the Miramar Hotel in Santa Barbara, and the Marina Inn here in Sacramento. The hotel in Los Angeles was a dog, just an absolute dog from word one, and lost a barrel of money. We continued to make money in the supermarket business, but it had two effects: we had to draw money out of the company in order to feed that hotel, and, well, it took my time and energy. I was having to oversee the hotels for him as well and [in] the first

place I had no knowledge in hotel management and I don't like the business. A hotel to me, if I was gonna draw a picture of it, is a big garbage disposal that you pour money into, at least the hotels that we ran.

So that and then getting into the Miracle Marts as well, right at the time that the whole industry seemed to be moving into those big stores, and, we were not unlike the others. Everyone that got into them got badly hurt financially. So we had a combination of the two and it really created some interesting about three or four years because we were operating with inadequate cash trying to get out of those. We finally sold the hotels and then I ended up selling the Miracle Marts. Came about just at the right time. We were able to turn the corner and once we got back to devoting our time back in the supermarket business then we began to grow, and grow rapidly.

WJ: And now, getting into another question, there was a mention about going to the San Francisco Board of Trade, and you and Mr. Raley went there.

CC: Correct.

WJ: What kind of a proposal did you put forth to them that they had that very positive reaction [described in the book Raley's A Family Store] that [CC interjects]?

CC: Well I had called the Board of Trade when I heard. One of the fellows in the industry called me and said, "Hey, you guys are being considered by the Board of Trade." They hadn't contacted us

and so I called the Board of Trade. And the timing, we had just sold the Miracle Marts; hadn't got the money out of it, but we were getting it.

In fact the sale of the Miracle Marts was interesting in that RASCO-Tempo who bought them had announced that they had gotten approval to issue a group of a bunch of what they called "ventures," nothing more than secured bonds and they were at a six percent interest rate, and in those days six percent wasn't bad. And when we started negotiating with them they initially turned us down because they said they had no cash that they wanted to put up. And so I said, "Why don't you pay us with your bonds?" These were serially numbered bonds that would come due over a period of about seven years. They weren't really long-term, but some would come due in six months, some in a year and so on, down through the seven years. So when we indicated an interest in taking nothing but bonds for inventory, and equipment, and all of those things, and then entering into a lease for the building, they were very interested.

We'd just concluded that deal. And so I was able to put together a performance for the Board of Trade saying, "Hey, this is where we are, and this is the plan to be where we expect to be in a very short period of time." And, so when I called them and asked to come down, they said, "You know, we can't do that," they just don't do that. And so [I said], "Well its not fair to evaluate a company without the people who are responsible being there." And they finally agreed to let us come down and set in a room with no promise at all that they would talk to us. But they

did agree to take the performance and the information that I'd given and submitted to the creditors. And so when we went into that room and they stood up and applauded, I felt the greatest weight in the world had been lifted off my shoulders.

WJ: How serious, in the sense, they could've shut down the Raley's Chain?

CC: The Board of Trade has the legal right to take over the operation of the business.

WJ: Oh, completely?

CC: Yes.

WJ: So you were facing the chance at losing [CC interjects]?

CC: We would lose everything, yeah. And that was Tom Raley's, it was privately owned, always has been, still is. But he could've lost everything. And I had to convince him, I had to really lean on him to get him to go. He didn't want to go. I said, "You've got to go, and if you don't I'm going. But you need to be there." And he was elated after the thing turned around and then we very quickly came back. I got a hold of all our suppliers, made deals with them. I said, "We owe you a hundred thousand dollars, we'll give you a hundred thousand dollars in the ventures." And I gave them some long term and some others and they were carrying the interest and that cleaned up our payables, and it dealt with our cash-flow problem.

And then the leases for the two Miracle Marts, I had talked with, with Crocker Bank and got them to, well there were leases on the equipment, not on the building. The leases on the equipment I got them to buy those leases and put them in their investment portfolio. So we were able to get cash out of the equipment leases. And there was quite a lot of equipment even in those days in those large stores. And so it, you know, we were able to work through it and put us on the road to getting back on top of it. Then we started expanding. In 1969 we bought an organization in Oroville, Currier's, they had store up there that they just really owned the town. They were great people, and we made a deal with them and that. We started opening some stores, began to expand again. And then in 1973 we bought the Eagle Thrifty operation and [it] gave us an outreach into another area and spread us out of Sacramento, and then the growth has just been constant from that point on.

WJ: Yeah, that was another thing [I'd wanted to cover], but one thing I wanted to go back to is what do you think was one of the big, or what do you contribute to your rise from starting out as an accountant to making president of a company in a relatively short time?

CC: Well, you know I think that Mr. Raley recognized that I had the ability to deal with those things and I worked hard. I put a lot of time in to the company and I had an extreme interest. An I've always made a point of working in the interests of the man who paid me, not for my own private agenda. Sometimes to my own

detiment, but it's always come back. But you've got to be true to the people who pay you. Mr. Raley was not a detail person. He was really not interested in the day-to-day operations. He was looking for someone who was and who he felt could adequately manage all of his resources. That's a real honor to be given the financial resources of another person as a steward. And he held me accountable for those and I never did mind decision making. I I'm not afraid to make the decisions and then take the flack if I made them wrong. Fortunately I just didn't make too many of them wrong [WJ laughs]. I did make some. I've made some mistakes over the years but I know of no one who's been, you know active in an organization that doesn't make a mistake once in a while.

WJ: This'll tie into the Eagle Thrifty acquisition. I was going to ask you about some of the innovations that Raley's did. He started in, I believe I read that he was one of the people that introduced meat, ah, self-service meats in Northern California?

CC: Yeah, self-service meats. Tom was always a guy that traveled around a lot. He would go, everywhere he went he was in people's supermarkets and if he saw something happening somewhere he would pick it up if he thought it was good for him. And if you go back to the old stores that I was raised in, for instance, many times what you'd have was a small store and the meat department was run by a butcher who was self-employed. And the produce department might have been run by a green-grocer who was also working for himself, and [Tom] began to put those things together. Mr. Raley in his early stores had a service type, a case where the butcher

would stand there and cut the product and where the people would [purchase it] but as the labor costs went up that became inefficient. But on top of that the young people coming along after the war ended, a lot of the young ladies were not trained to cook like their moms had been. And they would rather go pick up a piece of meat and figure out what to do with it. And the butcher might know they didn't know what to do with it. And you sold a lot more product. The key was to make sure you did not misrepresent what's in the package. I've seen some grocers who thought it was "cute" to hide the tail of the steak underneath where it couldn't be seen instead of cutting it off, or to hide the fat. That kind of thing will kill your business. But Tom always knew that the customer had to be satisfied. That is still the same philosophy applies today.

WJ: One of the other innovations was the linking of the drugstores and mix the markets to form the supermarkets. I used to live in Broderick so I remember the original location where the [CC interjects]?

CC: That was our first drugstore. It was a little one. It was one that was kind of an afterthought. We had leased the market and then that drug space became available. Whoever was going to open there backed away from it. And we could never tear the wall down there; the store wasn't built that way to allow that. But, we the thought was initially when we went into the drugstore side-by-side with the markets that people would come and shop in the drugstore or in market and then go shop in the drugstore. The only thing

wrong with it was the customer didn't buy into it. In order to get "traffic" in the drugstore we had to do what Longs and Pay Less and some of the other drug chains [were doing]: we had to run food. So, here we had a supermarket next door, and we're having to run baby food and other items to get people to come in the drugstore.

So we decided that just didn't sound too bright; we were killing the margins on both sides. Our drug margins were way down. And actually, it was not Mr. Raley's idea to combine them, it was myself and Jim [Teel] and Frank [McMinn], who were referred to in that book [Raley's, A Family Store] in "There's a Holy Trinity". We ran the company for many years. But we came up with the idea and had to battle with him a little bit. He was afraid we were gonna lose the drug image, and our reply to that was, "Mr. Raley, the drug image we have we ought to lose, and lets start with something else." Well a part of that too was when we bought Eagle Thrifty that they had a combined store. They'd no wall, and we very quickly could see the impact. And Currier's had a, Currier's did have a wall, but they had a much bigger store. And we began to see what could happen so we remodeled the Freeport store, took the wall down.

And I recall Mr. Raley called me, I think the first week our business doubled, just unbelievable, and we weren't giving away a lot of that; our margins were way up. And before he'd been fighting us on it, then he called me and said, "Well, what are you waiting for?" [I said], "What do you mean, 'What are you waiting for?'" [Mr. Raley said], "Well get the walls down." [I said],

"Well Mr. Raley, you can't just go out and knock the walls down, you've got to plan the stores." [Both CC and WJ laugh]. So we very quickly went to the superstore. And we started putting in the bakeries, and the delis, and the prepared foods. The old supermarket was a purveyor of products you used to cook a meal. The modern supermarket, today, we provide, we cook the meal. You can go to one of our stores and get your Thanksgiving Dinner, take it home, heat it up; you've got everything. We do all that preparation. So there's been a big change in the whole industry and its *continuing* to change.

WJ: That leads in another thing we'd talked about, how [has] the business has changed especially since like 1956 or earlier overall?

CC: Well the stores—if you were to go back in 1956 and we were opening stores we'd open a supermarket of 15,000-18,000 square feet. Even when we'd opened the combined, we had a market of 20,000 and a drug center of 20,000 so [we had a total footage of] about 40,000 square feet in two different stores. Today we're opening stores that are 60,000 getting the space, getting the additional room in there. [There's been a] big change in customer habits. Frozen food used to have a little frozen food case, now you've got row after row where you've got frozen entrees, and you can get the frozen breakfasts, or whatever. You can get your whole meal.

The interest in produce, we're beginning, we used to have produce, the produce departments in the summer time would have a lot of California fruit in it. But when the wintertime came well

you'd have oranges, and apples, and bananas, and fill it up with some nuts or something. Well today with the transportation you can get soft fruits in supermarkets everyday of the year. Part of the time they come from California; other times they come from Peru, or Argentina, or they're flying them in so that whole, the availability of quality product has changed. The customers' habits have changed today. In 1956 you had basically one-earner households, and moms stay at home and provide, cooking kids' meals and all that. Today, for the most part you've got two people in a household working, and their time limitations are really strained. They want to come and buy something and take it home; they may not even have planned the meal. So you have to help 'em decide what they're gonna eat that night.

WJ: Has that had a big impact on, you'd mentioned in our phone conversation that it changed the face of the Sacramento business. Has it really affected the grocery industry as far as independents?

CC: Yeah, what's happened, if you were to go back in 1956 there were names in this town, [there were] lots of independents. There were independent chains, Stop and Shop, they're gone. They were the major chain. A lot of Chinese chains, Farmer's Markets had something like twenty individual stores. Giant Foods, which was another chain, a lot of the independents: Cardinal, Youngs, and others. Cardinal's sold to Lucky, they were involved really at just the beginning of the Lucky chain, expansion of the chain. You've seen the little independent, family-owned stores go by the

way-side. We've seen a proliferation of the so-called Seven-Eleven's, but they had grown rapidly. They were, you know the Seven-Eleven's, the K, not K-Mart but, uh, oh, I can't remember the name of it. It started with a "K" [WJ interjects].

WJ: Oh, you mean Circle K?

CC: Circle K. And you know they were selling gas and those things have kind of backed off because every service-station, or practically every service-station has been a purveyor of food. You go into a service-station today you can buy milk, and candy and cookies, soft-drinks and things like that. So those people got hurt by the service-stations. But the whole thing has changed; I don't think there is near as many people making a living as family-owned units in Sacramento as there were in those days. In fact I know there's not. A tremendous change in the [pause] spectrum as far as retail is concerned.

WJ: Do you think part of that has been from group-buying power, for instance, the Mid-Valley Dairy? You and Bel Air and, uh [CC interjects]

CC: Save Mart.

WJ: Save Mart all went in together on that?

CC: What happened there [was] I began to realize in the late '60s and early '70s that we were having a difficult time getting the kind of bottom-line profit that we needed when our major competitors were Lucky and Safeway; and Albertson's was beginning to come into

play. They had their own dairies and they had their own bakeries. And so we could not, we were buying from suppliers and independent dairies, but we weren't big enough to put together our own. So I talked to, I had a friend who worked for Golden State by the name of Dan Spengler, and I talked with Dan. For instance, up here we were making average ten percent out of the Dairy Case; in Los Angeles they were making thirty [percent].

Well that is one way of a lot of money, and I said, "Dan why? Are they buying product cheaper? Is [it] the raw-product cost down there?" He said, "There's no change in, no difference in raw-product cost, but the Lucky and Safeway in Los Angeles don't have a competitive advantage because there's a joint-venture dairy down there that had been put together by Von's and some others. And if Lucky and Safeway don't have an advantage there's no point in them forcing the retail down." And he said, "What you need to get into the dairy business." And I said, "We can't do it, we're not big enough." He said, "Well, let's put together some partners." So we started exploring it, and we found the old Red Top Dairy that's over in Fairfield. That Fairfield [location], they'd been closed.

They [Red Top Dairy] were a processor of dairy products and home delivery and they had closed up. So I was able to convince Mr. Raley to let me put that together. And we bought that dairy, formed Mid-Valley, opened it, operated it [for about] ten days and the guy burned it down [CC laughs]. You mentioned something about the blowtorch. Well, the blowtorch was being used by this fellow to work on some equipment that he had installed. And he forgot he

had installed a high pressure hydraulic line underneath the piece of angle iron, and when he cut through angle iron he cut that high pressure line and all of a sudden we had the world's biggest blowtorch. So he burned us down. But since they had caused it and they had a lot of insurance, and admitted the blame. It took us four years but I had the pleasure in my office of taking their check for twenty-three million dollars awarded us for all of the lost profits and it rebuilt a modern plant that you see over there now.

Then we were gonna build a bakery, but the people in the bakery business began to see that we were not a paper tiger, that we would build a bakery. So they came to us and offered us the benefit of owning a bakery without owning one. So we were able to enter into a buying arrangements with the bakery people [the Sacramento-based Rainbow Bread Company and Marianne Bakery] that gave us the advantages without putting the money in brick and mortar. We built an ice cream plant. We were buying our ice cream and cultured products from all over the west coast and that, you begin to realize, was inefficient. We couldn't control quality. So we built in Turlock an ice cream/culture plant and we manufacture our own yogurt and cottage cheese and ice cream. And then ultimately we ended up building our own dry grocery facility down in Lathrop, it was a million square feet down there that supplies the partners. It was a move to increase our bottom-line.

We now can get our product on the shelves competitive with anybody; in fact I think we're probably more efficient. Our dairy is extremely efficient. You go over there and you'll see all

these milk bottles, going down and going through the filler, and going into "casers", and going out and there's not a person in there. It's all controlled by computers. So, our bottom-line, that added a whole lot of profit. In fact when I found out about that joint venture in Los Angeles I was a friend with the president of Von's at that time and I went down and talked with him. He told me their twenty-five percent of their bottom line came from that dairy. That was pretty impressive. And I think it's probably pretty well consistent today as a large part of our bottom line comes out of our manufacturing.

WJ: Let me just check the tape real quick. I wanna make sure we have a chance to flip it. [checks recorder] It should be fine for a bit longer. So do you think that it was fortuitous in some ways that the accident occurred because it [CC interjects]?

CC: Well the accident really turned out to be a big advantage to us. I was absolutely devastated when it happened because I'd just put together this whole thing and we were just starting to get our product out on the line. We were rolling along and I was in Fresno when I got word that the [Mid-Valley] Dairy was on fire, and as I say I was just devastated. But when we went over there, after the building had burned down we found out that the building that we were occupying was built on an earthquake fault line. And somebody that built it had defrauded the owners of the property. There were no supporting steel in the in the walls and all of that, so if we'd had an earthquake we'd have lost it all. We wouldn't have had any insurance or anything that would've covered

that. So we were able then to build back. We had to do a lot of reinforcing because of the earthquake fault that runs right next to our building. So we ended up with the people who caused the fire paying for all of that and putting back the most modern plant that you could have anywhere. We could process close to two hundred thousand gallons of fluid milk a day in that facility and that's not working full-time. So, we can run a lot of product through there. And we also have an arrangement with a dairy in Reno that process there for us where we don't have to haul all the way into Nevada. We have a group that we have an arrangement with down in the south valley, the San Joaquin Valley. We're selling a lot of milk between the three partners, the three companies.

WJ: Now would you say there's been a number of changes since, going back to the [subject of the] organization of the company, would you say there's been a number of changes since 1956 or has it been fairly consistent as far as just expanding on the base?

CC: Well changes you mean in the, in Raley's or [WJ nods]. Well the changes have come about in just the, you know changes in the stores, changes as we learn to be more sophisticated in dealing, in foreseeing the customer. What you try to do in our industry is try to be out front of what the customer really is going to want. We were the first chain in the country to put Natural Food Departments in our stores. We began to see the health concerns that were coming along and Frank McMinn, who's now retired from the company, except he's our advertising man—you'll hear him on the radio and t.v. every once in a while. Frank was really a

genius in that. Frank came to me and said, "You know, people are going to these little health food stores to buy the product and I think there's a huge demand." But we ran into a problem in that the suppliers of that product was afraid they were gonna lose their base in the health food stores, and they didn't want to sell [to] us. So we made up one time, made up an order of product that we wanted to buy and called in one of the leading companies that had the products and set down in a room. I introduced the people that I brought in but I didn't tell them who they were. And I gave them an order, a check and an order and said, "We want to buy these things." He said, "I can't sell them to you." And I said, "Well maybe you ought to this gentleman since he's our attorney." So the guy decided maybe he could sell to us, and our health food departments, the first health food departments, these guys found out right quick, we sold more in a week than those health food stores could sell in a year. And then they were knocking the doors down wanting us to buy from them.

It was interesting, Von's, I mentioned they did us a favor in encouraging me to get into the dairy business. It wasn't long after we started the natural foods that Ken Olsen, who was President of Von's at that time, called me and said, "Chuck, understand you guys are doing a whale of a job in natural foods." And I said, "That's true and you oughtta be in it." And he said, "Well Chuck I'd like to send some of my people out and take pictures and get information to where we could get started." And I said, "Ken I'll send you down immediately our plans, our buying plans, our sources, and pictures of everything. You send your

people if you want but I'll get it to you. I owe you that." And within a couple of weeks they were in business in L. A. Since then natural foods has been something that almost all of our competitors have [acknowledged] we're pretty strong in. It's a big department that does awfully well.

WJ: I'm going to switch over the tape.

[Begin Tape I, Side B:]

WJ: Okay, side two of the interview. From what you've been describing, we were just talking about, [or] I said it sounded like there's a lot of camaraderie in the grocery business, especially when you started. Do you still see that today?

CC: Well I think probably stronger in our industry almost than any industry that I have any knowledge of. One of the things we have to be careful about is that we will not sit down and talk openly with people who are our competitors because you've gotta deal with the Federal Anti-Trust Regulations. So we have sharing groups with people that are in other areas. You're not their direct competitor so you can sit down and if we've got something that's working, we've got no problem passing it on; if they have something that's working they have no problem passing it on. And it serves another purpose and that is that some of the vendors of product have a way of forgetting that we do talk and they'll charge us one price and somebody in another area another price. So when our merchandisers sit down, they start comparing that information, we can soon embarrass people and explain the facts of life to them. But there's great camaraderie; we got the greatest group of, well we compete like crazy. You know we're friends and we join together in the industry [pause] related things. We're very conscious of the needs to put back into the community as an industry. We do an awful lot to feed those that

are hungry, to help people in other countries. The industry has an organization called FICAH, the acronym is FICAH, and its Food Industry [Crusade] Against Hunger. But anyway, we raise money to dig wells in Ethiopia, and to, you know, plant trees and teach people to fish, and help get 'em in business. So all of us recognize we have an obligation; we've been greatly blessed. And we have an obligation to reach out, and pour those blessings in other peoples' lives. It's a great industry; I'm gonna miss it.

WJ: Are you retiring soon?

CC: Well I just finished forty-one years with the company, and I've worked on a series of ten-year contracts, which has made it easy to make decisions when you have that security. I will be retiring in June. I'll retire the thirtieth of June and I'll be seventy-three on the eleventh of July. They've given me an office; they're gonna let me consult where I can stay out of my wife's way [CC and WJ laugh]. We've been married fifty years and she's informed me she doesn't need any help around the house [CC and WJ laugh]. And it allows me to continue to work in a lot of things that are of interest to me. It gives me the open door to—I do a lot of fund-raising for [charity] groups. It allows you to maintain that contact to a degree of credibility, so as I say though the thing I'm gonna miss more than anything else are the people. I've served on the Board of Directors of the California Grocers, they're the association representing the Grocers of the State of California. I was chairman of that board at one time and I've served on that board for many years. In fact they're gonna

induct me to the Grocer's Hall of Fame in March, so. That's a big—Tom Raley was the first inductee many, many years ago. Its a real pleasure to go into a thing with someone [of] his stature. And, you know, we'll be having a retirement banquet for me in May. But I intend to continue working. I told 'em I'll consult for nothing and I know I can earn that [CC and WJ laugh].

WJ: Especially about you talking about the camaraderie and what not. We've talked about Bel Air and Raley's working together and then now within the last what is it, within the last five to ten years you've joined.

CC: Four years ago we bought Bel Air. There's an advantage, or an example. George Wong, who was President of Bel Air, and I have served together on various boards throughout the industry; we're good friends. We brought George into, and Bel Air into, the partnership with the dairy and they were small, and did it more than anything else because they were—he was a close friend of Dan Spengler's and a friend of mine. And over the years, I knew that that company was owned by a family where there were six equal owners. When Tom Raley died in 1991, and George and I were coming back from a meeting of our board on our joint venture he asked me about the impact on Raley's of Tom's death and I explained to him the dealings with the State taxes and all of those. And then I repeated what I'd said to him many times, and that is, "George, you guys have got a real exposure because you're owned by six people who are relatively the same age, all of you up in your late sixties and early seventies. And if they die off one after

another, close together, you're gonna have some horrendous problems. And if you ever wanna talk about selling please see me."

So about two or three weeks after that I got a call. He [George] said, "Do you remember the conversation we had? Well, I'd like to talk." So Jim Teel went over and I went over to a restaurant, met with him and found out that they had been considering selling. They had already determined a price and they told us what it was and we said if everything checks out we have no problem with that. And so we bought Bel Air. George stayed on as the president of Bel Air for three years. I think it'll be five years in, towards the end of this month since it [the deal] closed. But it's been great for us, and it's been good for the Bel Air people. They were concerned about, you know, their people. They had an office of a hundred and some odd people and naturally we weren't going to keep all those. We, they set aside some money out of the purchase price [for] "parachutes" for some of those, and we moved some into the stores, and moved them to other places. A number of their top people have ended up in top jobs servicing both companies, so I think its good for everybody.

[It was] not unlike the purchase of Eagle Thrifty. When we bought that company we had an office that we closed because we didn't need another office. But we ended up with one of their executives running that division for us for many years, and very well. We've had a good reputation. When we bought Currier's, I mentioned buying Currier's in Oroville; they had a chance to sell that place for a whole lot more money than we paid them. But they

had a concern as to how their people [would be treated]. They had people that had never worked anywhere else. In fact, the grocery manager up there went to work for that company when he was fifteen and he retired at sixty five in that store. So we had a reputation for treating our people well, and that was a big factor in negotiating with them for they knew that our word was good we would deliver on what we told them. That helped in Eagle Thrifty and it helped with Currier's and it helped with Bel Air.

WJ: Do you think that plays a big role in what you were just saying, as far as your expansion, that the family atmosphere you keep? Is that still in effect today?

CC: Oh absolutely. Absolutely. The people in the stores are, we want them to feel like family. The Teel's have always made my wife and I feel like we are just one of the family. My wife and I go out into the stores. We just got through; we made every store in the chain, visiting and every nook and corner and just passed the time of day. I don't go out as a critic, I go out just to say thank you. We'll start out again in the stores right after Thanksgiving and make the Christmas visits, and that's important. They really realize their an integral part. You know, I don't sell any groceries sitting up in my office. The sales are made out in the stores where people are meeting the customers out there. You may have heard that the consumers report, this consumers digest, or whatever it is, there's a national consumers report that comes out. They recognized Raley's a couple months ago as the number one in the nation from the consumers stand point. We tied with

Publics out of Florida, an employee owned company down in Florida, and we tied with them from the view point of the customers. So their the ones were trying to impress.

I always wear a badge that identifies me when I'm in the stores. The customers come up and talk. Some are extremely warm and cordial and others have got a bone to pick. I let them [WJ chuckles]. I remember the day that the newspapers announced that we'd bought Bel Air. It came out in the morning Bee. About Eight O'clock my phone rang in my office, and I answered and this lady said, "You just bought Bel Air?" I said "Yes we have." She said, "Well don't screw it up like you screwed up Raley's!" [CC and WJ laugh] So I said, ya know, "Thanks for the vote of confidence." [CC and WJ laugh] We were in a store and some lady came over to me, and Francis and I were making the Bel Air stores and she came over and said, "Don't you dare get rid of my bread!" I said, "Ma'am, I promise we'll keep your bread." [CC and WJ chuckle] But for the most part the customers are extremely nice. But a woman's store is a very personal thing to her [pause] and you make a change in her store and you can get your hide taken off. When we remodel, as we have, we are continually remodeling, one of the things you have to be cautious about is moving certain products in a store. The most sensitive products are the feminine hygiene items. You move those in a store those women get very upset; and toilet paper, or something like that. So ya know, you learn to laugh, and to respond to them, and apologize or whatever is necessary. We can't always redo the merchandising in a store

because somebody cries, but we still try to respond to them as positively as we can.

WJ: That goes into another question. I was curious about the, there still seems to be a distinctive image in some senses of Bel Air. Raley's Bel Air is co-opted together but there's still a definite flavor about the Bel Air stores. What was the impetus behind keeping that image?

CC: Bel Air had always had a good image with the customer in that they flooded the stores with a lot of carry-out help and they responded to every customer request; carrying products and all. Some of it we had to change a little bit because they were so overloaded with help that their help wasn't productive. We found out that many times they had people standing around talking to each other. We had to cut that some but we haven't cut it to where it's hurt the image. We were determined that as far as the customer concerned Bel Air was gonna taste like, feel like and look like Bel Air; even though its owned by Raley's.

We've tried to maintain that, in fact, we're up-scaling some of the Bel Airs. We're creating, in some of the stores that we can do it we're, trying to create an image that you go in, you've got people there teaching you to cook. The things that really set it apart, we can't do that in all of them because they don't have the facilities. People pay a little more for that. They have to because someone's got to pay for that labor. Bel Air always had on premise bakeries, they baked from scratch. They had a central bakery that determined the product. So they were able to, we were

using Raley's bake-off items that were prepared somewhere else and shipped in. What Raley's brought to the table that's been a great source of improvement for Bel Air: number one is our health food, number two is the produce and meat. We have, Raley's is untouched in its reputation for produce and meat. We were able to buy the product a lot cheaper than Bel Air could because of the combined buying power and that has helped. Both companies have benefited and the bottom line of Bel Air is greatly improved.

WJ: Do you think any of the innovations Bel Air came up with has spilled over into Raley's?

CC: Oh yeah. There are things that, from them, particularly some of the prepared products. [pause] The prepared Chinese food, the hot woks. In fact, when we got ready to go in, even before we bought Bel Air, I called George one day and told him, "George, I've got one of your people that's in here that used to work for you in your Chinese kitchen. We're thinking about getting into those. But I didn't want to hire the guy without talking to you." He said, "No he's a good man. Go ahead." So we got into that and they've helped us improve it a great deal. I mentioned we, Raley's, makes use of the bakery that they have; their on premises bakery. The distribution system is common now. Our product lines are common. We tried to find, we taught them merchandising, in general merchandise which they were not getting good help in. And they taught us a lot in some of the service things that they do.

WJ: Sounds like a really good venture. Let's see, in tying this all together, as far as Sacramento goes, Do you think Sacramento's economy has played a rise in Raley's success? When you started out there were nine stores weren't there?

CC: There were eight stores. Well, keep in mind now that there's been some huge changes in the economic situations. If you go back to 1956 you have the military and the federal government were the major employers; the federal and state government. At that time you had the Army Depot, Mather, and McClellan; and those are all gone, every one of them have been closed. The State government has been cut back, I sometimes wonder if that's really true, but they keep telling us that it's been cut back. We've had changes in, California was late going into the recession that hit national, and they were late coming out of it. We're just now really beginning to come out of it. So we've grown a number of years kind of against an economic trend that was going the other way. But we've grown at the expense of a lot of those independents that I mentioned to you that have gone by the way-side. Bigger stores, every time we open bigger stores, we just suck out the volume of the neighborhood. That hurts a lot of the smaller businesses. But the economy now is growing. We're gonna get national headquarters, the Money Store is gonna be going in this building right here on the river. That's Raley's property, we sold them that land. You'll see more and more of that as the city gets free of the governmental influences towards private industry.

WJ: What impact would you say that Raley's has had on Sacramento's economy?

CC: Well we've put, if you go back when I came in 1956, we had two hundred employees all in Sacramento, and our employee base in Sacramento now is about five, six thousand. Well, there's that kind of an impact. We'd like to think we've generated sales tax dollars with the stores that we've opened. We've generated traffic with our employees through all of the other shopping centers, the malls, and that type. I don't know, that's very difficult to measure just what the impact one company has. As a company we grow in reaction to a growing economy and then we help fuel it. I've seen figures that say for every job that you create there's another two or three that are created because of it as the services and things come to be. If that's true then we're responsible for about fifteen thousand jobs in the area. We have about thirteen thousand employees total and that's throughout the chain.

WJ: You mentioned also just now that you'd sold the land to the other organization. What was your, the impetus behind locating your corporate headquarters, or keeping it in Sacramento? Some companies may have moved it to a city maybe closer [or more central] to distribution or what not, but you've remained in Sacramento. What was the motivation?

CC: Well, the distribution wasn't the problem. This was Mr. Raley's, Sacramento was Mr. Raley's headquarters. He opened the store in

Placerville and then immediately came down to Sacramento and started opening. And the major part of our business has been in Sacramento in the metropolitan area. We were, when he got ready to build, we had to expand. We were just growing too rapidly, and [when we] got ready to build he had had a dream [CC yawns]. Oh pardon me, I'm not bored [when] I start relaxing then I start yawning. He had bought the property on the river. The Marina Inn was located in that property and he had always wanted to see that property expand. He also felt that West Sacramento was something that was ready to grow and explode. In fact he was responsible for getting the change; this used to be called Broderick. Tom was responsible, with a group of people, for getting it changed to West Sacramento. He felt that better identified the area. With the Money Store coming over now, we've got other people that are interested in building there. I think you're gonna see West Sacramento really explode in the next few years. Gonna be some interesting things happening.

WJ: Oh yeah, it's changed a lot in the last fifteen even, [especially] West Capitol Avenue.

CC: Well if you lived in Broderick you remember what that was like.

WJ: [laughs] Yeah, I lived there for a number of years.

CC: I was there when we opened that store. We opened that store [pause] in August. Then we opened West Sacramento, what was then West Sac—or North Sacramento. We opened North Sacramento and the Freeport Store [pause] a couple months later. Here we were

opening these combination stores and we had an employee base of about two hundred. I was working in the office all day long and then go out and stock stores at night. Take my wife out, she'd help. Everyone in the office, when the day ended we'd just pack up and head for the stores. So we were getting some ungodly hours in [WJ chuckles]. Today we have store crews that, you know, that's their job, that's all they do. They go and set up stores and then go on to the next one. The business has changed a lot.

WJ: In regards to, you were talking about the changes in the economy, especially with the base closures. Where do you see the direction of Sacramento's economy [going] or how would you describe it today and what direction do you think it taking?

CC: Well I think Sacramento's economy particularly from the metropolitan area, we're just beginning to see some real growth. The North Natomas area, there's just going to be some huge business, building development out in that area. Along Del Paso Boulevard [pause] its' ripe its only five minutes from downtown. Where can you buy closer in? I think there's four or five thousand homes that are slated to come out of the ground. We were responsible, along with Coca-Cola, when we bought that property out there to build our warehouses, Coke built there's and we built ours, we were responsible, in fact Coke and Raley's [cough] funded the excess money needed to put that interchange, the [North Natomas] Truxel interchange, and that's just opened that whole area. So you're gonna see, I think, an explosion there. I think

we're gonna see more corporate headquarters as people move out of the high priced areas [like] in San Francisco.

It's difficult too, people live over there [in San Francisco] and it's expensive for them. You can still buy [pause] in Sacramento and the surrounding area relatively cheap. I don't think anything's cheap anymore, but you certainly can raise a family a lot less expensive. Sacramento, not only Sacramento, but the whole Sacramento/San Joaquin Valley is growing very, very rapidly. Our growth area is going to be down through the San Joaquin. We've got stores in locations by Fresno and we'll be going south from there. Gonna be expanding our commitment to the Bay Area. The Bay Area's a tough, expensive area. Awfully hard to get land, [pause] and its hard to get people. We've got people working in stores in the Bay Area and living in the San Joaquin Valley. They drive an hour and a half each way. That's tough on a person and on a family.

WJ: So then you think you'd characterize, back to Sacramento, you'd characterize the economy more as going towards a corporate center or what would you say [CC interjects].

CC: I think its going more Corporate and high-tech. I think we're gonna see more and more of what drove the Silicon Valley. Corporate headquarters and manufacturing, all back office type things, Sprint, and people that; you'll have a lot of people working and performing the support services. You're seeing McClellan right now, seems to [have] become a center for Fed Ex and people like that. Their planes are going, it's easier than

trying to get into San Francisco. You've got an airport, an international airport out here now, that's growing in size. When that's complete then they can move them, some of the Federal Express and others, out of there over to Mather we'll get the advantage of that. The Mather closing really has worked to our advantage when we finally got the privatization going. It took time, and the same thing will happen at McClellan because you can't count on the federal payroll. The federal dollars, what their doing is spending the money we give them through the taxes, so it's just a round-robin. You're better off to have profit producing organizations rather than those that are eating up the taxes. I'm a great believer that ultimately we're gonna get a much stronger economy.

WJ: That also goes into some of last couple of questions. I noticed in your "bio" there's an extensive list of charitable organizations that really does a number of things, such as the canned food drive, and what not. Do you see an expansion of Raley's role in [CC interjects].

CC: Well I don't know how much more we can expand it. We'll expand the size of it as the company grows. The "Food for Families" program is a program where one hundred percent of the moneys raised go into feeding. Raley's pays all the costs associated with that. Joyce Teel, through the Raley Foundation, a certain percent of our profits goes into the foundation. She gives large blocks of money. We encourage our employees; my wife and I have been involved for years in giving very liberally to a lot of

different organizations. We'll continue to push that. We think that is an obligation, its not, its a privilege and an obligation when were able, financially, to feed back into the community that helped produce what you are. [pause] Joyce believes in it, I believe in it very strongly. Mike Teel, Joyce's son, who'll be taking my place, I think has the same commitment. We'll continue to do that.

WJ: Do you see an expansion of the Raley's/Bel Air Chain in the near future, a large expansion, perhaps eastward?

CC: We'll be continuing expansion. I don't know how far east, we go east to Elko, Nevada, and there's not a whole lot beyond that for the rest of the state [WJ laughs]. It's gonna be more of a continued growth in the areas, we're getting ready to build. We're under construction [pause] in the Sacramento area. Out by Calvine Road we're building a new Bel Air, out in Marconni we're replacing the old Watt Avenue Raley's store with a new store. We're building in Jackson right now, we're building a new store in Reno, we've got four stores slated to go into Fresno, we're going to be building in Stockton. We'll continue to expand both the Bel Air format [and the Raley's] format. The Bel Air format can go on a smaller piece of land than Raley's can. The general merchandise commitment of the Raley's store requires a different size store, and land. And in addition to that we have the Food Source. We just opened our fourth Food Source last week, or the week before last. We bought a Food 4 Less store and remodeled it. We've go a Food Source under construction out on Stockton Boulevard and

Broadway, and we'll continue to expand that format. What drives it, if we go in an area that's oriented towards price, we'll build a Food Source. You go into an area that is real high-income, oriented towards service, we may build a Bel Air, or if the property available would allow, we would build a Raley's. So the different formats allow us to kind of pick and choose where we want to go. Calvine Road we're building a Bel Air because it would be too competitive, we need a store there. There's business there, but it would compete with a Raley's very near by, wouldn't make any sense [to put in a Raley's], so we're putting the Bel Air in.

WJ: You've answered all my questions, that's really wonderful. I was hoping I'd get through them all. But I also wanted to ask you were there any other, anything that you wanted to cover beyond what we've covered in the interview? Any stories, anecdotes, anything about a particular person, or perhaps an insight you wanted to add?

CC: Well, I'd have to think about that just a little bit. One of the things I think that marks the success of any business, and is really a measure of success is how well they do in developing the people that come along. I don't think any person in the administrative, top-level position has been as successful, I don't care what the bottom-line looks like, if he hasn't been able to develop the young people, given them an opportunity to grow. And I, [it's] not unusual for me to go into stores and visit with people that I hired when they were sixteen and find them managing

the store. I was in the other day at our golf tournament, the Raley's Senior Gold Rush, I was talking to one of our top people. He's now responsible for all of our marketing. It was Dennis Ferguson, and I said, "Dennis, how long have you been with the company?" He said, "Thirty-eight years," and he's fifty-four. My "Bee Boy" [delivery person for the Sacramento Bee] came to me and said, "I'm sixteen and I'm gonna go work for Raley's." He [now] manages the Raley's store on Bond Road. That's fairly typical; an awful lot of people I take great pride in having mentored, and allowed people develop.

If you allow them to develop and become responsible citizens, and raise their own families, and have the challenges of continuing to grow. That's what I'm going to miss more than anything else when I walk away. I've never had a desire to retire. It's very difficult for me to talk with people who when they come in looking for a job the first thing they want to know is your retirement program. For crying out loud, you're forty years away, what are you worried about [CC and WJ laugh]? So, but, I think the company has to be responsible for its people and it has to be responsible to its community. Be good citizens if you want to be a success, and I think we've mirrored that. I really do. Of all the things I'm proud, really proud of and grateful for is that we've been able to put back into the community that's made us very successful. I think we have left pretty much an unblemished reputation, I think [the community] thinks highly of us. I have no "words of wisdom" beyond that.

WJ: [chuckles] Well, I thank you for your time. I believe I've extended a little bit beyond what I promised you.

[At this point the interview ended. Approximately the next and last three minutes of the tape contains an after-interview conversation between Mr. Charles L. "Chuck" Collings and Mr. William James "Wil" Jorae. In it, Mr. Collins talks a little about his life's philosophy, and some of the varied activities and organizations he belongs to.]